

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL NINE)

Docket No. RM2015-2

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-3 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**
(November 28, 2014)

The United States Postal Service hereby provides its responses to Questions 1-3 of Chairman's Information Request No. 2, issued November 26, 2014. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2**

1. Proposal Nine contains several components that directly affect cost segments 12 (Motor Vehicle Service) and 13 (Miscellaneous Local Operations). Table 2 in the Petition –"Impact of Proposal Nine on Total CRA Costs" only refers to cost segments 6 and 7 in the column headers. What is the impact on the total Cost and Revenue Analysis (CRA) costs for the proposed changes in cost segments 12 and 13?

RESPONSE:

Attached are two Excel workbooks named ChIR2.CS12_TACS and ChIR2.CS13_TACS with Proposal Nine implemented. The impacted cells are color coded throughout the CS12_TACS and CS13_TACS workbooks. The tables below illustrate the cost impacts of Proposal Nine on cost segments 12 and 13. The figures in the tables are also shown in the CS12_TACS workbook, tab 'Outputs to CRA', lines 17-19, columns 3-5 and in the CS13_TACS workbook, tab 'Outputs to CRA' lines 4-10, columns 3-4. The tables illustrate that the cost impacts on the relevant components in cost segments 12 and 13 are minimal.

Table 1 – Impact of Proposal Nine on CS12

Component Title	Component Number	Att. Cost w/ Proposal Nine (\$000)	Filed Att Cost w/ USPS-FY13-32 (\$000)	Difference Prop-Filed (\$000)
Veh Hire City Del In-Office	100	\$3,049	\$3,228	(\$179)
Veh Hire City Del Load	101	\$10,210	\$10,084	\$126
Veh Hire City Del Route	104	\$1,554	\$1,504	\$50

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Table 2 – Impact of Proposal Nine on CS13

Component Title	Component Number	Att. Cost w/ Proposal Nine (\$000)	Filed Att Cost w/ USPS-FY13-32 (\$000)	Difference Prop-Filed (\$000)
Carfare				
In-Office	127	\$315	\$286	\$29
Load	128	\$420	\$441	(\$21)
Route	131	\$171	\$179	(\$8)
Drive Out				
In-Office	136	\$917	\$834	\$83
Load	137	\$1,226	\$1,286	(\$60)
Route	140	\$498	\$521	(\$23)

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2. Worksheet 7.0.4.3 line items (1)–‘In-Office’ and (8) –‘Total In-Office’ in column (3)–‘Foot Routes’, contain a null value in lieu of a number (in CS06&7_TACS.xlsx filed in USPS-RM2015-2/1). Without Proposal Nine methodology incorporated, this same worksheet section contained a figure of approximately 287 million.
- a. Please explain which components of Proposal Nine reduced this value to zero.
 - b. Please explain how this is an improvement over the current methodology.

RESPONSE:

- a. Proposal Nine replaces IOCS estimates for the office/street split for foot and motorized routes with information from DOIS. Currently, this proportion is calculated using IOCS in USPS-FY13-32, workbook CS06&7, tab 7.0.4.3, cell G16. The calculated proportion in cell C16 is linked to tab ‘Outputs to CS’ in CS06&7 which feeds the CS12 workbook so the costs can be assigned using the current methodology. In the new Proposal Nine methodology, however, for simplicity purposes, the relevant proportions from DOIS were placed directly on the ‘Outputs to CS’ worksheet (as can be seen in the spreadsheets provided in response to CHIR No. 1 Q3b). Thus, the office/street costs from IOCS for foot routes were deleted from workbook CS06&7, tab 7.0.4.3 when the Proposal Nine version of that workbook was prepared.
- b. Utilizing DOIS rather than IOCS for the office/street split for foot and motorized routes has two advantages. One, using census data will improve the precision of the product cost estimates. Two, using DOIS enables IOCS to focus its sampling effort on carriers while they are in the office rather than on the street.

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3. Worksheet 7.0.4.3 line item (8)-'Total In-office' in column (5)-'Foot Route Proportions' contains the value 0.00% (in CS06&7_TACS.xlsx filed in USPS-RM2015-2/1). Without Proposal Nine methodology incorporated, this same value was 31.6%.
 - a. Please explain which components of Proposal Nine reduced this value to zero.
 - b. Please explain how this is an improvement over the current methodology.

RESPONSE:

- a. Please see the response to question 2a of this Information Request.
- b. Please see the response to question 2b.

1.